

IOWA FINANCE AUTHORITY[265]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3(1)“b” and 16.5(1)“r” and 2009 Iowa Acts, Senate File 376, division III, section 13(4), the Iowa Finance Authority adopts new Chapter 33, “Water Quality Financial Assistance Program,” Iowa Administrative Code.

The purpose of these rules is to provide a process for granting funds to communities receiving loans from the Iowa Water Pollution Control Works and Drinking Water Facilities Financing Program pursuant to Iowa Code section 16.131 for water quality and wastewater improvement projects.

Notice of Intended Action was published in the Iowa Administrative Bulletin on July 1, 2009, as **ARC 7896B**. The Authority received written comments on the rules. Based on consideration of the public comment received, the Authority made the following changes to the rules as originally noticed:

1. Project eligibility in subrules 33.3(2) and 33.4(2) was changed to include any project eligible for SRF loans. This would include wastewater, drinking water and storm water projects.
2. In subrule 33.5(1), the words “For wastewater projects” were deleted.
3. The following sentence was deleted from subrule 33.6(4): “After construction, recipients shall also agree to provide the authority and the department periodic access to the project site to ensure it is being operated and maintained as designed.”
4. In subrule 33.7(2), the word “may” was changed to “can” in the second sentence.

The Iowa Finance Authority adopted these rules on August 5, 2009.

These rules will become effective on September 30, 2009.

These rules are intended to implement Iowa Code sections 16.5(1)“r” and 16.131 and 2009 Iowa Acts, Senate File 376, section 13(4).

The following amendment is adopted.

Adopt the following **new** 265—Chapter 33:

CHAPTER 33  
WATER QUALITY FINANCIAL ASSISTANCE PROGRAM

**265—33.1(16,83GA,SF376) Overview.**

**33.1(1) Statutory authority.** The authority to provide financial assistance to communities for water quality and wastewater improvement projects is provided by 2009 Iowa Acts, Senate File 376, section 13(4). The water quality financial assistance fund shall consist of funds appropriated from the revenue bonds capital fund created in 2009 Iowa Acts, Senate File 376, section 2.

**33.1(2) Purpose.** The purpose of the program shall be to provide grants to enhance water quality and to assist communities with water and wastewater improvement projects. Financial assistance under the program shall be used to provide additional assistance to communities receiving loans from the Iowa water pollution control works and drinking water facilities financing program.

**265—33.2(16,83GA,SF376) Definitions.**

“*Authority*” or “*IFA*” means the Iowa finance authority as established by chapter 16 of the Code of Iowa.

“*Community*” means a city, county, sanitary district, water district, state agency, or other governmental body or corporation empowered to provide sewage collection and treatment services, or any combination of two or more of the governmental bodies or corporations acting jointly, in connection with a project.

“*Department*” or “*DNR*” means the Iowa department of natural resources.

“*Director*” means the director of the authority.

“*Program*” means the water quality financial assistance program created in 2009 Iowa Acts, Senate File 376, section 13(4).

“*Recipient*” means the entity receiving funds from the program.

“SRF” means the Iowa water pollution control works and drinking water facilities financing program, which is jointly administered by IFA pursuant to Iowa Code section 16.131 as amended by 2009 Iowa Acts, House File 281, and DNR pursuant to Iowa Code section 455B.294.

**265—33.3(16,83GA,SF376) Small community assistance fund.**

**33.3(1) Program fund.** Of the amount appropriated, \$35 million shall be allocated to the small community assistance fund. The maximum award for a recipient under the small community assistance fund shall be \$2 million.

**33.3(2) Project eligibility.** Financial assistance shall only be available under the program for projects that are also receiving funding from the SRF.

**33.3(3) Eligible applicants.** Only communities with a population of 10,000 or less, as determined by the most recent federal census, may apply for the small community assistance fund.

**265—33.4(16,83GA,SF376) Large community assistance fund.**

**33.4(1) Program fund.** Of the amount appropriated, \$20 million shall be allocated to the large community assistance fund.

**33.4(2) Project eligibility.** Eligible projects are those projects that are also receiving funding from the SRF.

**33.4(3) Eligible applicants.** Only communities with a population of more than 10,000, as determined by the most recent federal census, may apply for the large community assistance fund.

**265—33.5(16,83GA,SF376) Project priority.**

**33.5(1) Priority for all projects.** Priority shall be given to projects that will provide significant improvement to water quality in the relevant watershed; this criterion will be determined by the score given to a project by the department pursuant to the project priority rating system used for the water pollution control state revolving fund set forth in 567—Chapter 91, Iowa Administrative Code. For drinking water projects, priority will be determined by the project priority system used for the drinking water state revolving fund set forth in 567—Chapter 44, Iowa Administrative Code.

**33.5(2) Small community assistance fund priority.** Under the small community assistance fund, priority shall also be given to communities that have the greatest financial need. Factors used to determine need will include, but are not limited to: median household income as a percentage of the statewide median household income; residential user rates as a percentage of median household income; the existing and forecasted debt of the system; and the unemployment rate of the community.

**265—33.6(16,83GA,SF376) Project funding.**

**33.6(1) Applications.** Applications will be accepted on forms developed by IFA and available at [www.iowafinanceauthority.gov](http://www.iowafinanceauthority.gov). IFA will coordinate with other applicable state or federal financing programs when possible. Applications for the large community assistance fund will be due October 30, 2009. Applications for the small community assistance fund will be due March 30, 2010.

**33.6(2) Costs.** All eligible costs must be documented to the satisfaction of the authority before proceeds may be disbursed.

**33.6(3) Record retention.** The recipient shall maintain records that document all costs associated with the project. Recipients shall agree to provide the authority access to these records. The recipient shall retain such records and documents for inspection and audit purposes for a period of three years from the date of the final grant payment.

**33.6(4) Site access.** The recipient shall agree to provide the authority, the department and the department’s agent access to the project site at all times during the construction process to verify that the funds are being used for the purpose intended and that the construction work meets applicable state and federal requirements.

**265—33.7(16,83GA,SF376) Termination and rectification of disputes.**

**33.7(1) Termination.** The authority shall have the right to terminate any grant when terms of the agreement have been violated. Grants are subject to termination if construction has not begun within

one year of the execution of a grant agreement. The director will establish a repayment schedule for funds already disbursed to the recipient. All terminations will be in writing.

**33.7(2) *Rectification of disputes.*** Failure of the recipient to implement the approved project or to comply with the applicable requirements constitutes grounds for the authority to recapture or withhold funds. The recipient is responsible for ensuring that the identified problem(s) is rectified. Once the deficiency is corrected, the funds can be released. A recipient that disagrees with the director's withholding of funds may request a formal review of the action. The recipient must submit a request in writing to the director within 30 days of notification by the authority of its planned action.

These rules are intended to implement Iowa Code section 16.5(1) "r" and section 16.131 as amended by 2009 Iowa Act, House File 281, and 2009 Iowa Acts, Senate File 376, section 13(4).

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